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STATE FOR EUR/NB, INR-B
OSLO FOR DATT
DOD FOR OSD-P (FENTON)
TREASURY FOR LAWRENCE NORTON AND ERIC MEYER

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SUBJECT: ICELAND: PRIME MINISTER DIAGNOSED WITH CANCER, DATE
PROPOSED FOR EARLY ELECTIONS

Refs: A) Reykjavik 012

B) Reykjavik 013

11. (U) Summary: Iceland's Prime Minister stunned the nation on January 23 with an announcement that he has been diagnosed with esophageal cancer and will not stand for reelection as Independence Party chair at the coming national congress. PM Haarde said he received the diagnosis on January 21 and that his doctors have recommended immediate surgery; he will go abroad at the end of the month as the necessary treatment is not available in Iceland. At the same time, Haarde announced that his party has proposed holding early parliamentary elections in May, subject to further discussion with their coalition partners in the Social Democratic Alliance. Separately, SDA Chair and Foreign Minister Gisladdottir is set to return to Iceland on January 23 from Sweden, where she was receiving treatment for a brain tumor diagnosed last fall. According to the MFA Spokesman, Gisladdottir's tumor was confirmed as benign, though it will require further treatment. Though some are hopeful that the government will have some breathing room now that elections are set for the spring, a shocked Icelandic public is also facing the second major illness for one of the country's leaders in six months and is concerned about a leadership vacuum at a crucial time. End Summary.

12. (U) Following a week of raucous demonstrations and increasing political pressure for early Althingi (parliament) elections (reftels), the central committee and MPs of Prime Minister Geir Haarde's Independence Party (IP) met on January 23 to discuss the status of the coalition government. The previous night, Foreign Minister Ingibjorg Solrun Gisladdottir, Chair of coalition partner the Social Democratic Alliance (SDA) tamped down rumors of an immediate government collapse by pledging to maintain the coalition if the parties agreed to hold elections this spring. This sparked new rumors that the IP central committee would decide to postpone the party's national congress, which had been set for January 29-February 1, in order to prepare for such elections.

13. (SBU) However, PM Haarde stunned the assembled media with an announcement that he has been diagnosed with a malignant tumor in his esophagus. A regular medical examination had revealed the tumor last week, but on January 21 Haarde was informed that biopsy results indicated that it was malignant. He will have to undergo immediate medical treatment, which cannot be performed in Iceland and therefore he will travel abroad around the end of the month. (NOTE: In a subsequent conversation with Ambassador, Haarde's Foreign Affairs Advisor did not specify in which country Haarde will be treated. The Ambassador offered assistance and support. END NOTE.)

The PM added that his doctors say the prognosis is good and that he expects to maintain full working capacity, at least in the next few months. Due to his ill health, Haarde has decided not to seek reelection at the IP's national congress. He says his decision was made easier knowing that there are highly capable leaders to choose from in the IP.

¶4. (U) On the question of early elections, Haarde announced that the IP will request that parliamentary elections take place on May ¶9. He will discuss this proposed date with SDA Chairman Gisladdottir over the weekend. Echoing language that Gisladdottir used in her own statement the previous night, the PM stressed that the coalition government will continue to work hard to carry out the tasks that are most urgent to rescue households and businesses in Iceland. Haarde added that he would make every effort to see to it that preparations for the elections and the election campaign do not disrupt the economic recovery program which the government is implementing in cooperation with the International Monetary Fund.

¶5. (U) In connection with the spring elections, the IP has also decided to postpone its national congress until March 26-29. The party will draft its election platform and select a new chairman that will lead the party in the upcoming elections. (COMMENT: As reports have grown in recent weeks of discord within the IP over the question of joining the European Union, this may also give the party a further chance to coalesce around the idea -- or wake up to reality, depending on whom you ask -- of approving a pro-EU platform. END COMMENT.)

Foreign Minister's Health: Better News

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¶6. (SBU) Separately, the MFA sent out a press release January 23 announcing FM Gisladdottir's return to Iceland from Sweden, where she has been undergoing medical treatment for a brain tumor over the past week. (NOTE: Gisladdottir was diagnosed with a tumor in the fourth cerebral ventricle after collapsing during the UN General Assembly in New York this past September. She underwent brain surgery before returning to Iceland and has had one subsequent procedure here in Reykjavik prior to her trip to Sweden last week. END NOTE.) This morning, her doctors confirmed that the tumor, most of which was removed in surgery, was benign. She will not be admitted to the National Hospital in Reykjavik upon her arrival as had previously been announced, but instead will rest at home and will therefore be absent from work for some time. The MFA's spokeswoman confirmed to DCM that the tumor was indeed benign, though it had been behaving "peculiarly" and had given rise to fears that it was in fact malignant. The spokeswoman was visibly relieved to have heard the news about Gisladdottir's health.

¶7. (SBU) Staffers at the Foreign Ministry had been bracing for the worst, as Gisladdottir's prolonged treatment in Sweden appeared to counter earlier claims that the tumor was benign. Despite some policy disputes on certain issues, the FM is very popular among the ministry rank-and-file, a surprising development for those used to thinking of the MFA as a building full of IP and Progressive Party ideologues. The leadership vacuum at the MFA -- due to Gisladdottir's illness as well as that of her deputy, the Permanent Secretary, who is battling colon cancer -- has been an evident strain on the ministry over the last six months.

A stunned, worried public

¶8. (SBU) The public reaction to the PM's ill health can only be described as utter shock. Even though most offer the PM their condolences, people are worried about how the country will be run, and who will really be holding the reins of power. After the intensifying political tension of this week, a number of commentators are relieved to hear that elections will likely be held in May. Independence Party stalwarts tell us that they are relieved to have some explanation for what one called Haarde's "strange" behavior in recent weeks, and are hopeful that the IP will now have a chance to set a clear course and regain the nation's support.

However, outside the IP, with both the PM and FM afflicted with serious illness, some think that the proposed May 9 date is too far away. In particular, MPs from the Left-Green Party used the PM's announcement as a reason to renew their calls for immediate elections. There are also doubts regarding the PM's and FM's ability to be fully functional when they return to work after recovering from medical treatment.

¶9. (U) Bloggers and political commentators are already suggesting who will be likely candidates for the chair of the IP. The most often mentioned are MP Bjarni Benediktsson; Minister of Health Gudlaugur Thor Thordarson; Minister of Education and Deputy Chair Thorgerdur Katrin Gunnarsdottir; MP Kristjan Thor Juliusson; and even political veteran and former PM and chair Thorsteinn Palsson.

¶10. (U) On the practical question of who will run the country, party rules and the coalition agreement designate Minister of Education and IP Deputy Chair Gunnarsdottir as Acting Prime Minister should the PM take leave of his office.

¶11. (SBU) Comment: Iceland, already stunned by the demonstrations of the past week and the economic collapse, is now jolted by another serious blow. The lack of leadership at the top of the SDA has been evident throughout Gisladdottir's illness, and many here fear that a similar vacuum will develop with the Prime Minister absent. Others, particularly within the IP, are more hopeful that with a clear date set for elections, pressure on the government will ease somewhat and allow the parties to simply go about the business of governing and preparing for a critical economic program review by the IMF in February (septel).

VAN VOORST